

HOPE VI REVITALIZATION GRANT

HUD OVERSIGHT AND MONITORING

I. DEFINITIONS AND ACRONYMS

Field Office (FO): HUD Field Offices have been consolidated into 27 Hubs and 16 Program Center Offices. Program Centers are located in smaller offices, and are headed by Program Center Coordinators who report to the Public Housing Director in the appropriate Hub Office. The term Field Office used in this document refers to either a Public Housing Director at a Hub or a Program Center Coordinator, as appropriate for the area or State in which the HOPE VI Grantee is located. However, if a HOPE VI Grantee has been determined to be "troubled," as indicated by its PHMAP score, Field Office duties may be performed by a TARC (see below).

FHEO: Fair Housing and Equal Opportunity. References to FHEO staff in this document refer to personnel located in Field Offices.

Grant Manager: the HUD staff person - primarily on the OPHI staff, although occasionally in the HUD Field Office - who is responsible for the overall HUD administration of a HOPE VI grant.

HOPE VI Coordinator: the HUD employee in the Field Office assigned to coordinate all Field Office activities necessary to administer a HOPE VI grant.

Hub: See Field Office.

LOCCS: Line of Credit Control System; the disbursement system by which Grantees request and receive HOPE VI grant funds.

OPHI: Office of Public Housing Investments, located at HUD Headquarters. OPHI includes the Office of Capital Improvements, which administers Public Housing Development and Modernization programs, and the Office of Urban Revitalization, which administers the HOPE VI Program.

Program Center Coordinator: See Field Office.

Program Manager: an entity procured by the Grantee to manage the HOPE VI program on behalf of the PHA.

SAC: Special Applications Center, located in HUD's Chicago office.

TARC: Troubled Agency Recovery Center. The mission of the TARCs is to develop and implement intervention strategies for "troubled" housing authorities with 250 or more units in order to achieve a passing PHMAP score within one year of the "troubled" designation. The two TARCs are located in HUD's Cleveland and Memphis offices. Smaller troubled PHAs are assigned to the TARC staff in Hub Offices. If a HOPE VI Grantee has been determined to be "troubled," responsibility for the PHA will be assigned to a TARC for one year. At the end of the year, responsibility for the PHA will either be returned to the Field Office or placed into judicial or administrative receivership.

II. GRANT MANAGEMENT**A. Headquarters Grant Management and Monitoring**

Each HOPE VI Revitalization Grant has been assigned a HUD Headquarters Grant Manager from OPHI. The OPHI Grant Manager is responsible for performing or coordinating the following actions:

1. Track the overall status of the grant.
2. Debrief the Grantee on concerns and issues related to the initial application.
3. Review and approve the Revitalization Plan, including budget and implementation schedule.
4. Review costs for compliance with TDC limitations.
5. For any grant with a Revitalization Plan approved after October 21, 1998, approve any demolition pursuant to that Revitalization Plan.
6. Coordinate review of self-sufficiency plan.
7. Track review of disposition application by the SAC.
8. Review the homeownership plan, as applicable.
9. Track review of the property management plan by the Field Office .
10. Track review of designated elderly plan by the SAC.
11. Track approval of site-based waiting list waiver requests by FHEO.
12. Review and approve Mixed-Finance Proposals and Evidentiary Materials; provide assistance to Grantees in structuring innovative arrangements for replacement housing, including leveraged financing, public/private financing, tax credits, mixed income development, etc.
13. Approve all changes to revitalization plans, budgets, and schedules.
14. Review requests for waivers of existing regulations.
15. LOCCS:
 - a. Ensure that budgets and other funding approvals are spread into LOCCS.
 - b. Review and approve requests for release of funds, including predevelopment budgets.
 - c. Review and approve drawdowns that hit edits in LOCCS.

16. Monitoring:
 - a. Review LOCCS reports for progress in obligation and expenditure of funds, including excessive drawdowns.
 - b. Review Quarterly Progress Reports:
 - (1) For FY 93 - 95 grants, review for compliance with the requirement of the 15 percent match from the City for the provision of supportive services as required by the Grant Agreement.
 - (2) For FY 99 and subsequent grants, review for compliance with the match requirements contained in the Grant Agreement.
 - c. Review and approve Requests for Proposals (RFPs) and Requests for Qualifications (RFQs) for Program Managers and Developers.
 - d. Review and approve contracts between Grantees and Program Managers and Developers.
 - e. Review other procurement documents, including RFPs, RFQs, and procurement waivers such as contract terms in excess of two years.
 - f. Respond to questions and requests for policy determinations, status reports, and program statistics from Grantees, Field Offices, Partners, Consultants, Congress, and others.
 - g. Make at least one technical assistance on-site visit per year to each assigned HOPE VI PHA.
 - h. Issue any warning or default letters, as necessary.
 - i. Coordinate the assignment of Technical Advisors/Expeditors to monitor and assist the Grantee.

B. Field Office Primary Grant Management (by assignment only)

A small number of HOPE VI Revitalization grants have been assigned to Field Offices to represent HUD on behalf of OPHI in performing some of the activities listed above. The authority of the assigned Field Office Public Housing staff to review and approve selected documents or actions will vary case-by-case; specific responsibilities will be detailed in writing by OPHI when such an assignment is made. Field Offices may be assigned the following actions:

1. Track the overall status of the grant and advise OPHI of any problems.
2. Review and approve revisions to Revitalization Plans.
3. Review and approve revisions to program budgets.
4. Review and approve revisions to program schedules.
5. Review procurement documents, including Requests for Proposals, Requests for Qualifications, and procurement waivers such as contract terms in excess of two years.
6. Review Quarterly Reports and use as a basis for monitoring and site visits.
7. LOCCS:
 - a. Review and approve requests for release of funds, including predevelopment budgets.
 - b. Review and approve drawdowns that hit edits in LOCCS.
 - c. Monitor grantee progress in obligation and expenditure of funds.

III. HUD FIELD OFFICE ROLE

A. Field Office Lead Responsibilities

Each HUD Field Office Public Housing office with one or more PHAs selected for a HOPE VI Revitalization grant must have one Public Housing staff person assigned as a HOPE VI Coordinator. The HOPE VI coordinator acts as a point of contact for all HOPE VI activity within the Field Office. The HOPE VI Coordinator will also communicate and coordinate activities with local HUD FHEO staff and others as appropriate. Each HOPE VI Coordinator should also have a designated backup.

The Field Office HOPE VI Coordinator plays the lead role in performing or coordinating the following actions:

1. Assist Grantees in the preparation of demolition/disposition application.
2. Coordinate HOPE VI grant funds and activities with other management improvement and capital funds approved for HOPE VI developments.
3. Coordinate HOPE VI with any resident initiative grants that may have been approved for HOPE VI developments.
4. ACC Amendments:
 - a. Review and process ACC amendments as necessary to reduce operating subsidy as a result of relocation, reconfiguration, and/or demolition.
 - b. Reinstate operating subsidy for replacement housing.
 - c. Assign project numbers to revitalized development(s).
5. Revitalization Plan/Mixed-Finance Proposal:
 - a. Review and approve compliance with accessibility requirements.
 - b. Review and approve staffing allocation plan.
 - c. Review and approve 6(h) new construction certification.
 - d. Review and approve facilities assessment.

6. Management:
 - a. Review management agreement/plan/lease.
 - b. Coordinate HOPE VI-funded management improvement activities with those approved under other funding sources.
 - c. Approve admittance and occupancy plan.
 - d. Approve tenant assignment and selection plan.
7. Review any relocation plan not associated with a disposition application, including any Section 8 relocation plan.
8. Review environmental assessment and approve Release of Funds.
9. Review hazard abatement cost analysis.
10. Coordinate site and neighborhood standard reviews for proposed replacement units with FHEO.
11. Verify evidence of site control.
12. Verify appropriate zoning.
13. Review and approve site acquisition proposal.
14. Review plans and specs for new construction and rehabilitation.
15. Assist, as needed, in the formation, recognition, and involvement of viable resident councils at the HOPE VI development.
16. Coordinate FHEO training re: Section 3, employment and contracting opportunities, including STEP-UP.

B. Field Office Review and Comment Responsibilities

The Field Office participates in the review of the following:

1. resident consultation plan;
2. Community and Supportive Services Plan;
3. sub-grantee agreements;
4. methodology of distribution of operating subsidy to project;
5. market study.

IV. FIELD OFFICE MONITORING**A. Construction Monitoring**

All HOPE VI developments under construction must be routinely inspected by HUD or the Army Corps of Engineers (COE) in accordance with an agreement between the COE and HUD. The Statement of Work for these inspections is as follows:

In addition to the requirements set forth in the implementing instructions - HUD Programs, the COE, under this agreement, shall furnish all materials, equipment, services, and facilities; provide its own transportation; execute tasks incident to or stated in the work orders issued for the HOPE VI inspections. When acting as HUD's agent, the COE shall have right of entry and free access to the site and inspect all work as directed in the work order (including materials, equipment and fixtures furnished, installed or stored in and about the development).

Once construction has started, physical inspections of all HOPE VI sites will be performed on monthly basis or as directed by HUD Field offices.

HUD shall prepare and send to the COE a work order quarterly for the sites to be inspected on the attached form and send to the COE for estimating the cost of work to be performed. The work order shall contain the task(s) to be performed by the COE at identified sites. Any specific instructions to the COE will be put in the comments column of work order. The COE shall estimate the cost of conducting the inspections and send the work order back to the HUD office. HUD shall determine the reasonableness of the cost and, if reasonable, shall sign the work order and send it to the COE for performing the tasks.

After receiving the work order, the COE shall contact HUD to receive further instructions regarding the contact person on-site and the PHA phone number for contacting the PHA before inspection. HUD shall advise the PHA to be inspected to provide a set of the plans and specifications of the site to be inspected to the COE for its review before the on-site inspection. The COE shall review the plans and specifications furnished by the PHA prior to the inspection. For contract administration reviews, HUD shall advise the PHA to provide access to the COE representative to all necessary records of the particular project(s) being reviewed. The COE shall inform the Community Builder of the inspection date and time. The Community Builder, if feasible will accompany the COE for conducting the inspection. The names and phone numbers of the Community Builders will be provided to the COE. The COE shall schedule the inspections at the same time as others inspecting for the purpose of approving draws.

The COE shall include in each inspection report any identified safety or health hazard; discuss identified hazards with the PHA's Executive Director or designee before leaving the site; immediately notify the PHA's Executive Director or designee, and HUD, of any observed safety or health hazards which endanger life or threaten serious injury or property damage.

COE REPORTING

- A. After completion of an inspection/review, the COE shall prepare a report for each of the following in the attached format.
- B. For all inspections/reviews, the COE shall discuss the inspection results and the corrective action required with the HA on-site representative and shall submit the report, identifying findings, observations and recommendations, to HUD Field office within two Calendar days of the inspection. HUD shall examine the report for completeness and shall send a copy to HA and the Grant Manager at the HUD Headquarters with a form transmittal letter/memorandum to be signed by the Office of Public Housing Director. If warranted, HUD shall contact the COE representative to discuss the areas of concern on the report and advise on corrections. The report shall reach the HA no later than one week after the on-site inspection is completed. Within 20 calendar days of the inspection, the HA shall furnish a written response of the actions taken or to be taken as appropriate to remedy the findings and/or accomplish the recommendations contained in the HUD-approved COE inspection report. A copy of the HA response shall be provided to the COE.
- C. The COE Headquarters shall submit quarterly and annual financial reports reflecting the funds expended and remaining for each HUD Field Office to HUD Headquarters. HUD Headquarters may rearrange the allocation of funds for each Field Office based on the quarterly reports and the projected need for inspections by each Field Office.
- D. The COE District Office shall submit to HUD Field Office monthly reports which document the expense and status of open work orders.

B. On-site Monitoring

HUD Field Office staff will make on-site monitoring visits to each HOPE VI site at least once per year and prepare a report to the Housing Authority with a copy to OPHI. A draft of the monitoring visit report shall be provided to the OPHI Grant Manager for review and comment before issuance to the Grantee.

Additional monitoring visits are encouraged and should be scheduled by the Field Office on a risk management basis. FHEO staff should be invited to participate in the on-site monitoring. In those cases where the HOPE VI monitoring visits require Field Office staff to remain away from their duty station on overnight travel, the FO may request travel cost reimbursement from Headquarters.

The Field Office will be responsible for making recommendations on whether the PHA has adequate systems and controls in place to ensure its own compliance with program requirements during the implementation of program activities, and for monitoring the PHA's adherence to its systems and controls.

The Field Office, including FHEO staff, as appropriate, shall review the PHA's systems and test whether those systems are working by reviewing random samples of documents and taking the following actions during the on-site review:

1. Review PHA inspection reports to determine whether the PHA or its architect has adequately inspected its revitalization activities to ensure that the physical work is being carried out in accordance with the plans and specifications.
2. Inspect the physical work completed and in progress to ensure that the activities undertaken are consistent with the Revitalization Plan (including the approved budget) and are eligible activities.
3. Review documentation maintained on file at the PHA in support of any minor changes to the Revitalization Plan and/or approved budget.
4. Inspect evidence of resident involvement in accordance with the Grant Agreement and any approved Resident Consultation Plan.
5. Review for compliance with requirements for procurement and contract administration; monitor contracts in excess of two years; change orders in excess of \$25,000, and sole-source procurements.
6. Review for compliance with HUD financial management and accounting requirements with respect to the PHA's internal controls for its HOPE VI program, including proration and allocation of charges, and correction of any pertinent deficiencies identified in annual fiscal audits.

7. Review for compliance with other statutory and regulatory requirements for activities such as:
 - a. displacement and relocation;
 - b. real property acquisition;
 - c. hazard abatement, including treatment of lead-based paint, asbestos, and other abatement issues;
 - d. fair housing and equal opportunity requirements, including Section 3, in conjunction with FHEO staff;
 - e. administrative requirements of 24 CFR part 85 and OMB Circular A-87.
8. Review the PHA's progress in obligating and expending funds and completing the work set forth in the Revitalization Plan and Program Schedule, and assessment of additional need for monitoring.
9. Review the PHA's progress in obtaining all funds and resources set forth in the approved Sources and Uses.
10. Review the status of the PHA's management improvements and the impact of those improvements on the program.
11. Review the PHA's accomplishments in carrying out community and supportive services programs, including those of sub-grantees and/or contractors.
12. For FY 93 - 95 grants, review the PHA's accomplishments in carrying out the community service portion of the Revitalization Plan.

The Field Office will issue the final monitoring report to the PHA, with a copy to the Deputy Assistant Secretary for the Office of Public Housing Investments. Monitoring Reports should document accomplishments and successes of the PHA, consultants, contractors, service providers and residents, as well as any deficiencies that need to be addressed. Special attention should be given to the results of any waivers of regulations and unique innovations. Reports should present a balanced picture of the HOPE VI program, and should indicate if and how HOPE VI activities are making an impact on the PHA's PHMAP score. The emphasis of monitoring reports should be to offer solutions to the problems noted during the visit, and should identify follow-on actions to be taken by HUD staff as well as the PHA. To the extent possible, each recommendation and follow-up action should have a specific target date for its accomplishment. If necessary, the reports should also recommend that HUD issue formal a Letter of Deficiency, Corrective Action Order, Letter of Warning, or Declaration of Default if the situation so warrants.

The following is a sample monitoring report outline:

- a. Summary
- b. Issues, items for follow-up
- c. Relocation
- d. Homeownership
- e. Contracting and procurement
- f. Finance and administration
- g. Conditional Revitalization Plan approval issues
- h. Occupancy
- i. Community and Supportive Services

C. Off-Site Monitoring

In addition to the one or more formal on-site monitoring reviews each year, Field Offices shall be alert and sensitive at all times to progress and problems associated with the PHA's HOPE VI program. Any need for assistance shall be responded to at once. On-going information can be obtained by taking the following actions:

- 1. Review HOPE VI Quarterly Performance and Budget Progress Reports.
- 2. Attend regular meetings with PHA top management.
- 3. Attend HOPE VI progress meetings at the PHA.
- 4. Attend resident council meetings.
- 5. Meet with consultants, contractors, sub-grantees, and service providers.
- 6. Participate in on-site technical assistance by Expeditors and other HUD-funded consultants.
- 7. Monitor media coverage of the local HOPE VI program.
- 8. Review complaints from contractors, residents, community organizations, and others.
- 9. Represent HUD as observer to the PHA's interviews and selection of consultants and contractors through competitive selection proceedings.
- 10. Review the PHA's allocation of personnel costs and other administrative expense among available funding sources; Budgets, financial statements and reports received from the PHA on other programs and grants.
- 11. Review audit reports and the PHA's actions to resolve any audit findings or deficiencies.
- 12. Communicate with other program divisions in the Field Office and/or HUB concerning their interaction with the PHA.

Attachments:

HUD-27054-A: LOCCS Access Authorization Security Form for HUD Staff

Physical Inspection Report Format